

**TITLE 165: CORPORATION COMMISSION
CHAPTER 10: OIL AND GAS CONSERVATION**

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SUBCHAPTER 25. ESCROWED ACCOUNTS FOR POOLED MONIES

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165:10-25-1. Definitions

The following words or terms, when used in this Subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

"Escrow account" means an account established in a financial institution and held in the name of the holder and an escrow agent wherein each owner is federally insured to One Hundred Thousand Dollars (\$100,000.00).

"Financial institution" means a federally or state chartered bank, savings and loan, or credit union.

"Holder" means any person in possession of royalties, bonus payments, or other monies directed to be paid under a Commission pooling order and which cannot be paid because the persons entitled thereto are unknown or cannot be located.

"Owner" means the last known record titleholder of a mineral interest which is subject to a Commission pooling order.

"Person" means any individual, partnership, joint stock associations, trust, cooperative, unincorporated association, or corporation.

165:10-25-2. Escrow account required

(a) Each pooling order which pools interest of unknown or unlocated owners shall contain language substantially similar to the following: "If any payment of bonus, royalty payments, or other payments due and owing under this order cannot be made because the person entitled thereto cannot be located or is unknown, then said bonus, royalty payments or other payments shall be paid into an escrow account in a financial institution within ninety (90) days after this order and shall not be commingled with any funds of the applicant or operator. Provided however, that the Commission shall retain jurisdiction to grant to financially solid and stable holders an exception to the requirement that such funds be paid into an escrow account with a financial institution and permit such holder to escrow such funds within such holder's organization. Responsibility for filing reports with the Commission as required by law and Commission rule as to bonus, royalty or other payments escrowed hereunder shall be with the applicable holder. Such escrowed funds shall be held for the exclusive use of, and the sole benefit of, the person entitled thereto. It shall be the responsibility of the operator to notify all other holders of this provision and of the Commission rules regarding unclaimed monies under pooling orders".

(b) Each pooling order issuing upon an application filed on or after July 1, 1984, shall contain, in addition to the foregoing language, an attached exhibit listing all parties or interests which are unknown or cannot be located, together with each party's last known address, if available.

165:10-25-3. Escrow account requirements

(a) Monies which are directed to be paid under a Commission pooling order and which cannot be paid because the persons entitled thereto are unknown or cannot be located shall be placed into escrow accounts in a financial institution. The holder shall choose the institution. The holder and the financial institution may make such arrangements as are necessary and appropriate for the establishment of the account. Service charges, fees, and costs may be deducted from any interest generated by the monies but in no event shall such charges, fees, and costs be deducted from the principal. Any financially solid and stable holder may apply to the Commission for an exception to the requirement to place monies into escrow accounts in a financial institution. The granting of an exception shall be within the sole discretion of the Commission and may only be granted upon the filing of a proper application therefor pursuant to notice given to the Manager of the Mineral Owners Escrow Account by mail at least ten days prior to the hearing and by publication one time at least 15 days prior to the hearing in a newspaper of general circulation in Oklahoma County and in a newspaper of general circulation in the county where the holder's principal office in the state is located. The granting of an exception shall not exempt the holder from any other requirements set forth in this Subchapter.

(b) Only one account need be established by each holder. If only one account is established, a record shall be made of deposits and withdrawals for each person for whom monies are being held. Either the holder or the financial institution may keep the deposit/withdrawal record.

(c) An application for an exception under (a) of this Section shall state that the holder has proof by the holder's annual financial statement that it is a solid and stable holder. The holder must introduce its annual financial statement into evidence in the cause and the order, if one is issued, shall show that the annual financial statement was in fact introduced into evidence and considered by the Administrative Law Judge in making the determination to grant holder's request for an exemption under (a) of this Section, and holder shall submit a current financial statement on an annual basis thereafter.

(d) Withdrawals from such escrow account by the holder may only be made for the following purposes:

- (1) To pay the rightful recipient of the monies upon presentation of a proper claim.
- (2) To submit and pay to the Commission the principal of all monies placed in escrow pursuant to 165:10-25-6.
- (3) To correct an overpayment or other mistake made in the distribution of monies by the holder.

[SOURCE: Amended at 9 Ok Reg 2337, eff 6-25-92]

165:10-25-4. Payment to owner

The holder shall have a designated officer or employee to whom claims upon the escrow account may be made. The holder shall promptly pay the appropriate sum to any person showing the holder sufficient proof of ownership and proof of identity as may be determined

in good faith by the holder. The holder shall report any payments made on his annual report to the Commission.

165:10-25-5. Reports to the Commission

Each holder shall submit a report for persons who cannot be located or are unknown and for whom monies are being held in escrow no later than 30 days after such holder's annual reporting date. Each holder's initial report shall be filed no later than one year and 30 days after the date of the issuance of the first pooling order subject to this Subchapter. Such reports shall be filed each year that any monies are held in escrow, until the well is plugged.

165:10-25-6. Payment to the Commission

(a) No later than 30 days after the annual reporting date of each year, the holder shall submit to the Commission the principal of all monies placed in escrow accruing under the orders issued during the first year, and all subsequent years where the sum exceeds \$100.00 for any one person.

(b) If the holder has placed in escrow less than \$100.00 for any one person, the holder may follow the procedures for deposit, or maintain the funds in escrow. If the amount accumulates to over \$100.00 for any one person after any annual reporting date, it shall be submitted to the Commission on the next annual reporting date.

(c) Payments shall be tendered to the Finance Office of the Commission. Payments shall be made by cashier's check, certified check, or money order made payable to the "Oklahoma Corporation Commission".

165:10-25-7. Affidavit of compliance

In addition to the Plugging Record (Form 1003) and Completion Report (Form 1002A) required under 165:10-11-7, the operator shall file a compliance affidavit. No plugging bond shall be released until after the compliance affidavit is filed.

165:10-25-8. Forms

The Commission may issue appropriate forms to implement the provisions of this Subchapter.

165:10-25-9. Release from liability

Any holder who pays or delivers monies to the Commission required to be paid under this Subchapter shall be relieved of all liability for the monies so paid or delivered for any claim which then exists or thereafter may arise or be made in respect to such monies.

165:10-25-10. Construction

This Subchapter shall not be construed as limiting the Commission's authority to grant an exception to any rule in this Subchapter, unless precluded by law.